



■ INTERIM REPORT 2008 ■



**Get Nice Holdings Limited**

(incorporated in the Cayman Islands with limited liability)

Stock code : 64

## UNAUDITED INTERIM RESULTS

The Board of Directors of Get Nice Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September, 2008 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30th September, 2008 have been reviewed by the Company's audit committee.

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2008</b>	2007
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	2	<b>140,365</b>	436,628
Other operating income		<b>5,112</b>	20,524
Commission expense		<b>(15,704)</b>	(47,740)
Property development cost		–	(120,864)
Depreciation and amortisation of property and equipment		<b>(1,530)</b>	(2,529)
Release from prepaid lease payments		<b>(1,225)</b>	–
Finance costs		<b>(5,176)</b>	(19,513)
Staff costs		<b>(7,257)</b>	(11,596)
Convertible note redemption loss		<b>(804)</b>	–
Fair value change of derivative		<b>13,649</b>	(5,248)
Other operating expenses		<b>(19,584)</b>	(18,602)
Share of results of jointly controlled entities		<b>(115,545)</b>	6,251
(Loss) Profit before taxation		<b>(7,699)</b>	237,311
Taxation	3	<b>(15,372)</b>	(37,272)
(Loss) Profit for the period		<b>(23,071)</b>	200,039
(Loss) Profit attributable to:			
– Equity holders of the Company		<b>(10,390)</b>	186,407
– Minority interests		<b>(12,681)</b>	13,632
		<b>(23,071)</b>	200,039
Dividends	4	<b>95,067</b>	109,022
(Loss) Earnings per share	5		
Basic		<b>(0.33) cents</b>	8.91 cents
Diluted		<b>(0.24) cents</b>	7.58 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

		At 30th September, 2008 (Unaudited) <i>HK\$'000</i>	At 31st March, 2008 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Prepaid lease payments		93,326	93,781
Property and equipment		34,804	35,852
Investment properties		79,873	49,550
Intangible assets		8,004	8,004
Goodwill		15,441	15,441
Interest in jointly controlled entities		742,997	858,542
Other assets		4,386	4,386
Amount due from a jointly controlled entity		214,451	209,368
Loans and advances	7	40,906	28,418
		<b>1,234,188</b>	<b>1,303,342</b>
<b>Current assets</b>			
Accounts receivable	6	1,201,337	1,919,323
Loans and advances	7	278,751	125,922
Prepaid lease payments		2,450	2,450
Properties under development for sale		41,397	40,537
Prepayment, deposits and other receivables		2,626	2,594
Taxation recoverable		28	28
Bank balances – client accounts		74,778	307,845
Bank balances – general accounts and cash		442,894	186,636
		<b>2,044,261</b>	<b>2,585,335</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (continued)

		At 30th September, 2008 (Unaudited) HK\$'000	At 31st March, 2008 (Audited) HK\$'000
	<i>Notes</i>		
<b>Current liabilities</b>			
Accounts payable	8	170,977	485,299
Accrued charges and other accounts payable		16,794	14,955
Amounts due to minority shareholders		85,497	83,466
Derivatives	4	4	13,653
Taxation payable		56,573	46,070
Borrowings		22,011	133,000
		<u>351,856</u>	<u>776,443</u>
<b>Net current assets</b>		<u>1,692,405</u>	<u>1,808,892</u>
<b>Total assets less current liabilities</b>		<u>2,926,593</u>	<u>3,112,234</u>
<b>Non-current liabilities</b>			
Convertible notes		–	93,120
Deferred tax liabilities		4,719	5,196
		<u>4,719</u>	<u>98,316</u>
		<u>2,921,874</u>	<u>3,013,918</u>
<b>Capital and reserves</b>			
Share capital		316,888	316,888
Reserves		2,578,178	2,657,541
Equity attributable to equity holders of the Company		<u>2,895,066</u>	<u>2,974,429</u>
Minority interests		26,808	39,489
Total equity		<u>2,921,874</u>	<u>3,013,918</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2008

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Convertible loan note equity reserve HK\$'000	Special reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profit HK\$'000	Share option reserve HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1st April, 2007	153,537	903,224	-	123,337	-	-	276,307	-	1,456,405	-	1,456,405
Issue of shares by exercise of share options	24,857	170,165	-	-	-	-	-	-	195,022	-	195,022
Issue of shares by top-up placement	87,783	575,896	-	-	-	-	-	-	663,679	-	663,679
Change in fair value of available-for-sale financial assets	-	-	-	-	(269)	-	-	-	(269)	-	(269)
Recognition of equity component of convertible loan note	-	-	21,703	-	-	-	-	-	21,703	-	21,703
Share options granted	-	-	-	-	-	-	-	3,899	3,899	-	3,899
Profit for the period	-	-	-	-	-	-	186,407	-	186,407	13,632	200,039
Dividend paid	-	-	-	-	-	-	(45,644)	-	(45,644)	-	(45,644)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	24,295	24,295
At 30th September, 2007	266,177	1,649,285	21,703	123,337	(269)	-	417,070	3,899	2,481,202	37,927	2,519,129
Issue of shares by top-up placement	38,085	166,177	-	-	-	-	-	-	204,262	-	204,262
Issue of new shares	12,626	95,543	-	-	-	-	-	-	108,169	-	108,169
Issue of shares by exercise of share options	-	3,899	-	-	-	-	-	-	3,899	-	3,899
Change in fair value of available-for-sale financial assets	-	-	-	-	269	-	-	-	269	-	269
Recognition of equity component of convertible loan note	-	-	(3,747)	-	-	-	-	-	(3,747)	-	(3,747)
Share options granted	-	-	-	-	-	-	-	(3,899)	(3,899)	-	(3,899)
Release from redemption of convertible loan note	-	-	(10,227)	-	-	-	(4,014)	-	(14,241)	-	(14,241)
Dividend paid	-	-	-	-	-	-	(63,375)	-	(63,375)	-	(63,375)
Profit for the year	-	-	-	-	-	-	261,890	-	261,890	15,182	277,072
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	(13,620)	(13,620)
At 31st March, 2008	316,888	1,914,904	7,729	123,337	-	-	611,571	-	2,974,429	39,489	3,013,918
Release from redemption of convertible loan note	-	-	(7,729)	-	-	-	2,315	-	(5,414)	-	(5,414)
Exchange reserve	-	-	-	-	-	(181)	-	-	(181)	-	(181)
Loss for the period	-	-	-	-	-	-	(10,390)	-	(10,390)	(12,681)	(23,071)
Dividend paid	-	-	-	-	-	-	(63,378)	-	(63,378)	-	(63,378)
At 30th September, 2008	<u>316,888</u>	<u>1,914,904</u>	<u>-</u>	<u>123,337</u>	<u>-</u>	<u>(181)</u>	<u>540,118</u>	<u>-</u>	<u>2,895,066</u>	<u>26,808</u>	<u>2,921,874</u>

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th September,	
	2008	2007
	HK\$'000	HK\$'000
Net cash from (used in) operating activities	572,669	(545,256)
Net cash used in investing activities	(39,562)	(491,266)
Net cash (used in) from financing activities	<u>(276,849)</u>	<u>1,118,948</u>
Net increase in cash and cash equivalents	256,258	82,426
Cash and cash equivalents at beginning of period	<u>186,636</u>	<u>98,870</u>
Cash and cash equivalents at end of period	<u><u>442,894</u></u>	<u><u>181,296</u></u>
Being:		
Bank balances – general accounts and cash	<u><u>442,894</u></u>	<u><u>181,296</u></u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2008

### 1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and are in compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The Company is an investment holding company. The principal activities of the Group are the provision of financial services, including securities dealing and broking, futures and options broking, securities margin financing, corporate finance services, money lending and brokerage of mutual funds and insurance-linked investment plans and products, as well as properties development in Hong Kong.

#### Principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for certain financial instruments and properties, which are measured at fair value as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2008 except that in the current period, the Group has adopted the following new interpretations, which became effective for the financial year beginning on or after 1 January 2008:

HKAS (IFRIC) – Int 11	HKFRS2 – Group and Treasury Share Transactions
HKAS (IFRIC) – Int 12	Service Concession Arrangements
HKAS (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations has had no material impact on these financial statements.

## 2. Segment information

An analysis of the Group's unaudited turnover and segment results for the period by principal activities is as follows:

### Business segments

For the six months ended 30th September, 2008

	Securities margin	Money lending	Corporate finance	Property development	Investments	Total	
	Broking HK\$'000	financing HK\$'000	lending HK\$'000	finance HK\$'000	development HK\$'000	Investments HK\$'000	Total HK\$'000
REVENUE							
Turnover	57,676	67,578	13,296	1,568	99	148	140,365
RESULTS							
Segment profit (loss)	25,328	65,363	9,543	1,089	99	(3,627)	97,795
Other operating income							5,112
Unallocated income and expenses							4,939
Share of results of jointly controlled entities							(115,545)
(Loss) before taxation							(7,699)
Taxation							(15,372)
(Loss) for the period							(23,071)



## 2. Segment information (Continued)

### Business segments (Continued)

For the six months ended 30th September, 2007

	Securities margin financing	Money lending	Property development	Corporate finance	Investments	Total
	Broking HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
Turnover	140,444	77,963	11,719	205,000	1,356	436,628
RESULTS						
Segment profit/(loss)	74,096	68,018	11,304	84,136	945	(1,635)
Other operating income						20,241
Share of result of a jointly controlled entity						6,251
Unallocated income and expenses						(26,045)
Profit before taxation						237,311
Taxation						(37,272)
Profit for the period						200,039

### Geographical segments

All the activities of the Group are based in Hong Kong and all of the Group's turnover and profit before taxation are derived from Hong Kong.

### 3. Taxation

	Six months ended 30th September,	
	2008	2007
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
Current period	15,849	38,942
Deferred taxation	(477)	(1,670)
	<u>15,372</u>	<u>37,272</u>

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

### 4. Dividends

	Six months ended 30th September,	
	2008	2007
	HK\$'000	HK\$'000
Final dividend paid	63,378	45,644
Proposed interim dividend of HK1.0 cent (2007: HK2.0 cents) per share	31,689	63,378
	<u>95,067</u>	<u>109,022</u>

On 27th August, 2008, a dividend of HK2.0 cents per share was paid to shareholders as the final dividend for the year ended 31st March, 2008.

At a meeting held on 12th December, 2008, the Directors recommended an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2008 to the shareholders whose names appear in the register of members on 31st December, 2008. This proposed dividend is not reflected as a dividend payable in these unaudited condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31st March, 2009.

## 5. (Loss) Earnings per share

	Six months ended 30th September,	
	2008	2007
	HK\$'000	HK\$'000
(Loss) Earnings		
(Loss) profit for the purposes of basic earnings per share		
((Loss) profit for the period attributable to equity holders of the Company)	(10,390)	186,407
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	1,833	5,833
Convertible note redemption loss	804	—
	<u>          </u>	<u>          </u>
(Loss) Profit for the purpose of diluted earnings per share	<u>(7,753)</u>	<u>192,240</u>
	<b>2008</b>	2007
	<b>'000</b>	<b>'000</b>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	3,168,876	2,092,178
Effect of dilutive potential ordinary shares:		
Share options ( <i>note</i> )	—	231,588
Convertible notes	80,570	213,316
	<u>          </u>	<u>          </u>
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	<u>3,249,446</u>	<u>2,537,082</u>

*Note:* The computation of dilutive loss per share for the period ended 30th September, 2008 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the period.

## 6. Accounts receivable

	At 30th September, 2008 HK\$'000	At 31st March, 2008 HK\$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	59,031	83,889
– Margin clients:		
– Directors and their associates	2,184	3,633
– Other margin clients	1,148,013	1,831,733
– Clearing house	5,602	–
Accounts receivable from futures clearing houses arising from the business of dealing in futures contracts	4,469	18,266
Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products	334	98
	<u>1,219,633</u>	<u>1,937,619</u>
Less: allowance for impaired debts	18,296	18,296
	<u>1,201,337</u>	<u>1,919,323</u>

The normal settlement terms of accounts receivable from cash clients and from securities clearing houses are two days after trade date, and from futures clearing house is one day after trade date.

Loans to securities margin clients are secured by clients' pledged securities with a fair value of HK\$2,880,966,000 (31st March 2008: HK\$5,811,240,000), repayable on demand and bear fixed and variable interest at commercial rates. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of business of securities margin financing.

Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products is settled within 60 days after the Group has submitted the subscription application/policies to the fund managers/policy issuers. The age of this balance is within 60 days.

The fair value of the accounts receivable at the balance sheet date was approximate the corresponding carrying amounts.

## 7. Loans and advances

	At 30th September, 2008 HK\$'000	At 31st March, 2008 HK\$'000
Fixed-rate loan receivables	294,421	126,099
Variable-rate loan receivables	28,567	28,337
Less: Specific allowance for impaired debts	(3,331)	(96)
	<u>319,657</u>	<u>154,340</u>
Secured	100,404	30,481
Unsecured	219,253	123,859
	<u>319,657</u>	<u>154,340</u>
Analysed as:		
Current assets	278,751	125,922
Non-current assets	40,906	28,418
	<u>319,657</u>	<u>154,340</u>
Effective interest rate:		
Fixed-rate loan receivables	10% – 40%	10% – 24%
Variable-rate loan receivables	Prime rate to Prime rate + 4%	Prime rate to Prime rate + 4%

The loan and advances are secured by investment properties with a fair value at 30th September 2008 of HK\$321,240,000 (31st March 2008: 34,345,000).

Included in the carrying amount of loans and advances as at 30th September, 2008 is accumulated impairment loss of HK\$3,331,000 (31st March 2008: HK\$96,000).

## 8. Accounts payable

	At 30th September, 2008 HK\$'000	At 31st March, 2008 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	57,589	111,252
– Margin clients:		
– Directors and their associates	963	–
– Other margin clients	101,399	283,816
– Clearing houses	–	43,105
Accounts payable to clients arising from the business of dealing in futures contracts	10,804	47,060
Commission payable for brokerage of mutual funds and insurance-linked investment plans and products	222	66
	<u>170,977</u>	<u>485,299</u>

The normal settlement terms of accounts payable to cash clients and clearing house are two days after trade date. The age of these balances is within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (“HKFE”). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand. No aged analysis is disclosed as in the opinion of directors, the aged analysis does not give additional value in view of the nature of business of futures contract dealing.

Amounts due to securities margin clients are repayable on demand. No aged analysis is disclosed as in the opinion of directors, the aged analysis does not give additional value in view of the nature of business of securities margin financing.

Commission payable for brokerage of mutual funds and insurance-linked investment plans and products is settled immediately once the Group has received payments from fund managers/policy issuers. The age of this balance is within 60 days.

The fair value of the Group's accounts payable was approximate to the corresponding amount.

## 9. Related Party Transactions

Name of related party	Nature of transaction	Six months ended 30th September,	
		2008 HK\$'000	2007 HK\$'000
Messrs. Shum Kin Wai, Frankie, Cham Wai Ho, Anthony, Cheng Wai Ho, and Wong Sheung Kwong, and their associates	Commission income (Note i)	81	620
Messrs. Cheng Wai Ho, Wong Sheung Kwong, and their associates	Interest income (Note ii)	137	-

*Notes:*

- (i) Commission was charged at 0.125% (2007: 0.125%) on the value of transactions. The rates were similar to rates offered to other clients of the Group.
- (ii) Interest was charged at Hong Kong Prime Rate +2% on the outstanding balance of margin loans.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2008. The interim dividend will be payable on 12th January, 2009 to those shareholders whose names appear on the register of members on 31st December, 2008.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 2nd January, 2009 to 6th January, 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 31st December, 2008.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the period under review, the Group has recorded a turnover of approximately HK\$140.4 million, representing a decrease of 67.8% as compared to approximately HK\$436.6 million during the corresponding period last year. Net loss attributable to the equity holders of the Company was approximately HK\$10.4 million, compared to a profit of approximately HK\$186.4 million during the corresponding period last year. The loss incurred in this period was mainly attributable to (i) share of the loss of approximately HK\$115.5 million of a jointly controlled entity of the Company, who is the owner of Grand Waldo Hotel, Macau, resulting from decrease in fair value of its investment property; (ii) decrease in the Group turnover and related profit in respect of property development since the Group did not record any income other than interest income from financial institution from this business segment in the current period, compared it had contributed HK\$84.1 million gain in the last corresponding period. Without the above mention item (i), the Group would have achieved a profit attributable to equity holders of the Company of HK\$105.1 million.



The Group's businesses were in general affected by the drastic market downturn since October 2007, which was triggered by deepened concerns over the US economy after the meltdown of its home mortgage market. Financial markets worldwide were battered by a credit crunch after witnessing the financial difficulties faced by many major financial institutions in the US and Europe. In Hong Kong the Hang Seng Index underwent a deep correction, falling to 18,016 with market capitalization of HK\$13 trillion at the last trading day of September 2008, compared to 27,142 with market capitalization of 19 trillion at the same day in 2007, both substantially declined by 34% and 32%. The average daily turnover on the stock exchange recorded HK\$70 billion during the period, fall of 14% as compared to HK\$81 billion of last corresponding period.

The Group's commission and fee income from brokerage segment declined materially by 58.9% to approximately HK\$57.7 million this period and the segmental result achieved a profit of HK\$25.3 million, dropped 65.8% compared to last corresponding period due to the shrinkage turnover of the stock market.

Despite of the tighter credit conditions and weaker capital markets, the Group's margin lending business remained relatively stable, interest income from margin financing decreased by 13.3% compared a year earlier to approximately HK\$67.6 million, contributing a segmental profit of approximately HK\$65.4 million. The Group's margin loan book lowered by 19.7% to approximately HK\$1,131.9 million compared a year ago. However, loan quality remains sound under the Group's prudent risk and credit controls. The Group's liquidity position remains healthy with no noticeable adverse impact from the credit crunch in the monetary market.

The money lending, which is provision of consumer and mortgage loans, had recorded a segmental profit of approximately HK\$9.5 million this period, fall by 15.6% compared to the corresponding period of 2007.

Corporate finance continues to focus on the provision of financial advisory services to listed issuers. The corporate finance complete 8 financial advisory assignments in relation to Listing Rules and Takeover Code, a net profit approximately HK\$1.1 million was recorded this period.

The investments segment, which is holding investment properties, had recorded a segment loss of HK\$3.6 million, resulting mainly from decrease in fair value of the investment properties.

## **Financial Review**

The equity attributable to equity holders of the Company amounted to HK\$2,895.1 million as at 30th September, 2008, representing a decrease of HK\$79.3 million or approximately 2.7% from that of 31st March, 2008. The Group continued to maintain a strong cash position and had net current assets amounting to HK\$1,692.4 million (31st March 2008: HK\$1,808.9 million). The Group's outstanding bank borrowings repayable within one year, amounted to HK\$22 million (31st March 2008: HK\$133 million). The decrease in borrowings was mainly due to fall in demand of margin financing and the general working capital.

The gearing ratio of the Group (total liabilities over the equity attributable to equity holders of the Company) was 0.1 times as at 30th September, 2008, compared to 0.3 times at 31st March, 2008.

The business activities of the Group had not exposed to material fluctuation in exchange rates as majority of the transactions are denominated in Hong Kong dollars.

As at 30th September, 2008, the Group had available banking facilities amounting to HK\$593 million, of which HK\$22 million was utilized. The banking facilities were secured by land and buildings, prepaid lease payments, client's pledged securities and corporate guarantees provided by the Company.

As at 30th September, 2008, the Group had no material contingent liabilities and no material capital commitment.

## **Material Acquisition and Disposals of Subsidiaries and Associates**

There were no material acquisitions or disposals of subsidiaries or associates completed during the period.

## **Staff**

As at 30th September, 2008, the Group had a total of 53 employees and 82 account executives, 29 of whom were also employed as full time employee of the Group. The Group remunerated employees based on the industry practice and individual's performance.

## PROSPECTS

In 2008, the global economy is encountering significant challenges. The US sub-prime crisis leading to general credit crunch and intensified stock market volatility is expected to be continued for the rest of the year. However, the prospect of the China economy and its capital markets continue to be Hong Kong's major focus. China's open-up policy is unlikely to change course and the Group believes the magnitude of macro control by the Central Government will be gradually relaxed in view of the major changes in the global economic and financial situations. The growth momentum in China is still attractive despite the unfavorable economic environment. As both the Central Government and Hong Kong Government have shown strong confidence and active support to further strengthen Hong Kong as one of the world-class financial centers, the Group remains cautiously optimistic about the future development of the financial market in Hong Kong.

The Group intends to adopt a practical business strategy based on the operating results of this period, to capture market opportunities and to improve its service quality and cost efficiency to maintain its competitiveness. Meanwhile, with a strong financial position, the Group will continue to pursue strategic direct investment projects aiming to optimize its returns to the Company and its shareholders.

## DIRECTORS' INTERESTS IN SHARES

At 30th September, 2008, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

### 1. Long positions in the ordinary shares of HK10 cents each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Hung Hon Man	Interest of controlled corporation (Note i & ii)	926,762,583	29.25%

*Notes:*

- i. Mr. Hung Hon Man is deemed to be interested in 926,762,583 ordinary shares of the Company which are held by Honeylink Agents Limited ("Honeylink"), a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Hung Hon Man.
- ii. The number of shares held by Mr. Hung Hon Man (by virtue of his interest in Honeylink) does not take into account any shares which may fall to be allotted and issued upon exercise of the subscription right attaching to the option granted by the Company to Honeylink to subscribe for up to 400,000,000 new shares under the option agreement dated 19th April, 2006 made between the Company and Honeylink as announced by the Company in its announcement dated 20th April, 2006. As at 30th September, 2008, there were 231,588,236 outstanding options under the option agreement.

**2. Long positions in the non-voting deferred shares of HK\$1.0 each of Get Nice Securities Limited (formerly known as Get Nice Investment Limited), a wholly owned subsidiary of the Company**

<b>Name of director</b>	<b>Capacity</b>	<b>Number of non-voting deferred shares held</b>
Mr. Hung Hon Man	Beneficial owner	36,000,000
Mr. Shum Kin Wai, Frankie	Beneficial owner	4,000,000
		<hr/>
		40,000,000
		<hr/> <hr/>

Save as disclosed above, at 30th September, 2008, none of the directors nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **SUBSTANTIAL SHAREHOLDERS**

At 30th September, 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the issued share capital of the Company and these interests represent long positions in the ordinary shares of HK\$0.1 each of the Company.

<b>Name</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Honeylink Agents Limited	Beneficial owner	926,762,583	29.25%

The number of shares held by Honeylink Agents Limited (“Honeylink”) does not take into account any shares which may fall to be allotted and issued upon exercise of the subscription right attaching to the option granted by the Company to Honeylink to subscribe for up to 400,000,000 new shares under the option agreement dated 19th April, 2006 made between the Company and Honeylink as announced by the Company in its announcement dated 20th April, 2006. As at 30th September, 2008, there were 231,588,236 outstanding options under the option agreement.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30th September, 2008.

## **ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS**

The share option scheme (the “Option Scheme”) of the Company was adopted by the Company pursuant to a resolution passed on 16th May, 2002. The Option Scheme became effective on 6th June, 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The major terms of the Option Scheme has been set out in appendix VII to the Company’s prospectus dated 24th May, 2002 under the section headed “Share Option Scheme”.

At 30th September, 2008, the total number of shares available for issue under the Option Scheme was 316,887,595, representing 10% of the shares of the Company in issue at the date of approval of the refreshment of the share Option Scheme limit. No share options have been granted under the Option Scheme during the period.

An option agreement dated 19th April, 2006 made between the Company and Honeylink Agents Limited (“Honeylink”) (Mr. Hung Hon Man, a director of the Company has beneficial interest in) in connection with the granting by the Company to Honeylink an option to subscribe for up to 400,000,000 new shares at the exercise prices of HK\$0.68-0.72 per share upon exercise of the subscription right attaching thereto as announced by the Company in its announcement dated 20th April, 2006, During the period, no share options were exercised and as at 30th September, 2008, there were 231,588,236 outstanding options under the option agreement.

Other than as disclosed above, at no time during the period was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such rights during the period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the current period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed shares of the Company.

## **AUDIT COMMITTEE**

The audit committee has four members comprising Messrs. Liu Chun Ning, Wilfred, Chung Wai Keung, Man Kong Yui and Kwong Chi Kit, Victor, all being independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has reviewed with Directors the accounting principals and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated interim financial statements for the current period.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th September, 2008, except for certain deviations.

The major areas of deviation are as follows:

- Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election. The non-executive directors of the Company are not appointed for specific terms but subject to retirement by rotation and re-election at the annual general meeting of the Company according to the provisions of the Company’s Articles of Association.
- Code provision A.2.1 stipulates that the roles chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. The Company does not at present have any officer with the title CEO. Mr. Hung Hon Man is the chairman of the Company and has also carried out the responsibilities of CEO. Mr. Hung possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable to the Company because it can promote the efficient formulation and implementation of the Company’s strategies.



## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

By order of the Board  
**Hung Hon Man**  
*Chairman*

Hong Kong, 12th December, 2008

*As at the date of this report, Mr. Hung Hon Man, Mr. Cham Wai Ho, Anthony, Mr. Shum Kin Wai, Frankie, Mr. Wong Sheung Kwong and Mr. Cheng Wai Ho are executive directors of the Company. Mr. Liu Chun Ning, Wilfred, Mr. Chung Wai Keung, Mr. Man Kong Yui and Mr. Kwong Chi Kit, Victor are independent non-executive directors of the Company.*